

DEPARTMENT OF INFORMATION RESOURCES OPEN BOARD MEETING

Wednesday, March 23, 2016, 10:00 a.m.

300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

MINUTES

PRESENT

John Scott (Board Chair)
Charles Bacarisse
Stuart Bernstein
Wanda Rohm (video conference)
Linda Shaunessy
Rigo Villarreal
Darran Anderson, ex-officio
David Mattax, ex-officio

ACTION

Mr. Scott called the meeting to order at 10:03 a.m., with a quorum present.

TOPIC

2. Executive Director's Report

Ms. Napier gave the board a brief update. Ms. Napier thanked Mr. Todd Kimbriel and the entire executive management team for their warm welcome over this last week and a half and she appreciates it. Consistent with the Board's delegation of authority from the February 25th board meeting, last week Ms. Napier formally announced that Todd Kimbriel will serve as state CIO. Ms. Napier congratulated Mr. Kimbriel on this well-deserved recognition.

Ms. Napier updated the board on interim hearings that are underway at the Capitol and DIR is very busy providing resource testimony. On March 21st, Mr. Dale Richardson testified before the House Select Committee on Emerging Issues in Texas Law Enforcement on the body cam storage solutions we have negotiated through the Cooperative Contracts Program. DIR also provided written testimony on the body camera storage program to the Governor's Office and Criminal Justice Division. DIR will testify on March 30th to the Senate Business and Commerce, April 5th House Government Transparency & Operations on Cyber, Procurement Panel and Cloud.

The Executive Director briefings are ongoing and Ms. Napier met with DMV and TDI last week. They have been very informative and a great way to maintain relationships with our customers. TABC and TFC are coming up in the next two weeks as well.

Ms. Napier discussed the vendor contract document. In an effort to provide guidance and best practices for agencies who interact with vendors, DIR, in consultation with SMEs in other agencies including HHSC, CPA – we have drafted a policy that encapsulates some best practices for working with vendors. DIR would like to solicit input from Senator Nelson as well. In addition to the Vendor Contact Guide we are initiating Vendor Showcase

events. John Hoffman, Chief Technology Officer, is taking the lead on this effort to coordinate the use of technologies by inviting vendors to provide an overview of current and emerging technology solutions to IT leaders from various agencies and institutions of higher education.

TOPIC

3. Consider approval of a request for salary action relating to the DIR Executive Director

DISCUSSION

Mr. Nick Villalpando, Chief Financial Officer, at the request of Chairman Scott, presented information to increase the salary cap of the DIR Executive Director to 227,038 and increasing the Executive Director's salary to 215,000. The General Appropriations Act (GAA), 84th Legislature (2016-2017) Article IX, Sec. 3.04, (c) and (d), provides a process for the governing board of the Department of Information Resources (DIR) to request a salary increase for the DIR Executive Director. The appropriations act currently sets the maximum salary that can be paid to the DIR Executive Director to \$184,792 per year and classifies the Executive Director into Salary Group 6 which has a maximum salary of \$227,038.

In order to increase the DIR Executive Director's salary to an amount above \$184,792, the following actions are necessary:

- The DIR Board may request to set the rate of compensation provided for the agency's exempt position at an amount not to exceed the maximum salary of \$227,038 (Salary Group 6).
- The request submitted by the DIR Board needs to be in writing and signed by the presiding officer of the DIR Board.
- Submitted to the Governor, the Legislative Budget Board, and the Comptroller
- Approved by the DIR Board in a public meeting.

The proposed increase shall be considered approved if neither the Legislative Budget Board nor the Governor issues a written disapproval not later than, the thirtieth day after the date the staff of the Legislative Budget Board concludes its review of the proposed rate increase and forwards its review to the Chair of the House Committee on Appropriations, Chair of the Senate Committee on Finance, Speaker of the House, and Lieutenant Governor; and the thirtieth business day after the receipt of the transfer by the Governor.

Mr. Villalpando put forward an action item for the Board's consideration an approval of a request to the Governor, the Legislative Budget Board, and the Comptroller to increase the maximum salary that can be paid to the DIR Executive Director from \$184,792 to \$227,038, and to increase the actual salary of the DIR Executive Director to \$215,000, effective March 14, 2016 and subject to approval by State Leadership.

Mr. Villarreal asked what is the difference between the \$227,038 and the \$215, 000?

Mr. Villalpando responded \$227,038 is basically a cap. This would provide the DIR Board a not-to-exceed amount. What is being proposed in terms of actual salary for the Executive Director is \$215,000.

Mr. Mattax asked if the range of \$184,792 to \$227,000, is that the current range in the classification schedule.

Mr. Villalpando responded in the current classification goes from a maximum of \$227,038 and the lowest is \$184,792.

Mr. Mattax commented that this motion saying we are going to adopt that classification schedule that already exists.

Mr. Villalpando responded that is correct.

Mr. Mattax asked what is the current salary?

Mr. Villalpando responded the current salary of the Executive Director is \$184,792.

Mr. Mattax commented the current salary of the Executive Director is actually the lowest amount possible under that classification.

Mr. Villalpando responded that is correct.

Mr. Mattax commented if the motion is made this will bring it up to 60 % - 70% range of the classification.

Mr. Villalpando responded that is correct.

Mr. Mattax commented this will not be the total amount that could have been approved.

Mr. Villalpando responded that is correct.

A motion was made by Mr. Villarreal for approval of a request to the Governor, the Legislative Budget Board, and the Comptroller to increase the maximum salary that can be paid to DIR Executive Director from \$184,792 to \$227,038, and increase the actual salary of the DIR Executive Director to \$215,000, subject to approval by state leadership, and Mr. Bernstein seconded the motion.

An amendment to the motion was made that the effective date of the motion be March 14, 2016 by Ms. Shaunessy and seconded by Mr. Villarreal.

Ms. Rohm asked are we taking her from the present salary to the maximum salary.

Mr. Scott responded no, subject to governor and Legislative and Governor's approval, it will take the salary range up to the maximum, the actually salary increase will be \$215,000, which is in the 60% -70% of the range.

Ms. Rohm commented that does not give her too much room for growth, later down the road to give her raises.

Mr. Scott responded that is a great point.

Mr. Villalpando responded that is the maximum range for that particular salary grouping. To change that salary group for the Legislature that is something considered in the LAR process. There will be additional opportunities should the board decide to want to increase that as well.

Mr. Bacarisse asked how frequently does the LBB and Legislature changes the salary classification. Does it happen every session or every other session? To Ms. Rohm's point we do want to give some upside potential. If we are going to see the classifications move up across the board in the near future, then we will be ok.

Mr. Mattax responded the GAO is conducting the audit right now and asking agencies to make suggestions to the classification schedule. If they have not contacted DIR, now is the time to it.

Mr. Bacarisse commented it is under review now across the board.

Mr. Mattax responded before each session they will do a survey of different agencies, asking if there any changes to the classification that you suggest to be considered. I know my agency has received the request and the HR Director is looking at it right now.

Mr. Villalpando responded DIR has received it.

Mr. Mattax commented now is the appropriate time to make the recommendation should the board so choose to the legislature. If the legislature wishes to change the classification schedule for the Executive Director to a different range, they can do that. Right now the range is the maximum that was noted, we couldn't go above that range.

Mr. Villalpando responded that is correct, the way to GAA is structured, the maximum amount that can currently be requested is this amount.

Mr. Mattax commented the maximum that can be requested is not the \$215,000, the maximum amount that can be requested is the \$227,038.

Mr. Villalpando responded yes.

Mr. Mattax commented that without a change to the classification there is room for an additional salary increase but to go above that we need to change the classification salary which requires legislative change.

Poll voting: Seven yes and one no.

The amended motion for approval and request to the Governor, the Legislative Budget Board, and the Comptroller to increase the maximum salary that can be paid to DIR Executive Director from \$184,792 to \$227,038 and increase the actual salary of the DIR Executive Director to \$215,000, subject to approval by state leadership was approved, to be effective March 14, 2016.

Mr. Mattax commented does the chair want to appoint a subcommittee to give guidance on whether or not to make recommendation on the state classification salary increase.

Mr. Scott referred this recommendation to the Audit and Finance subcommittee.

Mr. Mattax asked do you want to have someone make a motion to allow the audit and finance subcommittee to decide to make the recommendation so the full board does not have to meet. I think we need to decide before that deadline if you want to make a recommendation then that needs to be done before the deadline.

Mr. David Brown, Assistant General Counsel, informed the board we would be going beyond our posted agenda if we authorize an action item.

Mr. Mattax asked Mr. Zelinsky do we need to have the board make a recommendation on the salary classification or not.

Mr. Zelinsky responded I don't believe so because the CFO has the authority and does work with the subcommittee already.

Mr. Villalpando commented we can certainly look at the classification schedules within the appropriations act and changing the classification to one that is already in the GAA, to a higher compensated Executive Director classification grouping. This could be requested in the LAR when we submit it to the Legislature. Right now what we are looking at are actual changes to the definitions, job classification, job duties that we recommend at a statewide level where there isn't really a current identified job skill or category already in the GAA. The board may recommend just an increase, and which category code to request for the Executive Director's salary for next biennium.

TOPIC

4. Consider establishment of a Board subcommittee for Strategic Oversight

DISCUSSION

Mr. David Brown, Assistant General Counsel, discussed structure of subcommittees for the board. The DIR subcommittee structure is informed by two statutes in our enabling Legislation, Gov't Code Chapter 2054. *Sec. 2054.040. Audit Subcommittee. (a) The board shall maintain an audit subcommittee of the board and Sec. 2054.522. Board Approval and Oversight of Major Outsourced Contracts.* DIR currently has five subcommittees for the outsourced contracts. The current structure allows for grouping contracts, for example telecom and security are together.

Another subsection of enabling statute is Gov't Code, *Sec. 2054.041*, concerning board oversight, this is to review the strategic initiatives of the agency and have an ongoing evaluation on the extent to which the department fulfills its objectives. The need for strategic oversight seems to be expanding because of the growth in the activities of the board. The strategic oversight function for this section is currently being fulfilled by the board as a whole and through the currently appointed board subcommittees. The staff has reviewed and believes it would be a value in consolidating that function and allowing for a group to meet and to report to the board on those initiatives.

Mr. Brown would like the board's consideration of a recommendation for a Strategic Oversight subcommittee as described in subsection 2054.041

Mr. Bacarisse asked are we going to be collapsing some additional subcommittees into this one Strategic subcommittee.

Mr. Scott responded that the other subcommittee will still maintain, they are required by statute.

Mr. Mattax asked how many people can be on the committee?

Mr. Brown responded four.

Motion was made to establish a Strategic Oversight Subcommittee to oversee the strategic direction of the department per subsection 2054.041, and further moved that the DIR Board Chairman appoint up to four members by Ms. Shaunessy and seconded by Mr. Bernstein.

Poll voting: Eight yes

The motion was unanimously approved.

TOPIC

5. Consider approval of modification to the Automated Clearing House (ACH) fee for Texas.gov

Ms. Jennifer Buaas, Assistant Director of Digital Government discussed the modification to the Automate Clearing House (ACH). The ACH is an electronic network for financial transactions and provides authorization to debit directly from a customer's checking account (you might be more familiar with the term of electronic checks). Currently the Texas.gov program has 47 customers that offer ACH as a payment option. In 2014, the ACH fee was standardized to a flat fee of \$1.00.

Today we are proposing a reduction of the fee from \$1.00 to \$0.25 for all ACH transactions. Also, because almost half of the agencies are absorbing the transaction fee into their own budget, we are proposing to not apply State Share for all ACH transactions. For example, the Texas Higher Education Coordinating Board absorbs the fee because they do not want to deter students from repaying their loan. The impact to state share is approximately \$58,000/year. This fee reduction would greatly benefit the 47 customers as well as their constituent population.

Mr. Scott thanked Ms. Buaas and team on getting this fee reduced and saving the state money.

A motion to reduce the Texas.gov Automated Clearing House convenience fee from the current \$1.00 transaction to \$0.25 per transactions, further that Texas.gov not apply state shares to the Automated Clearing House transaction by Ms. Shaunessy and Mr. Bernstein seconded the motion.

Poll voting: Eight yes

The motion was unanimously approved.

TOPIC **6. Public Testimony – No public testimony**

MOTION A motion to adjourn the meeting by Mr. Bacarisse and Ms. Shaunessy seconded the motion

ACTION The meeting adjourned at 10:29 am

Approved by the Board Chair:

John Scott, Chair

Date